

Statement of Interest – Statewide Long-Term Care Reform
Format for Response to Request for Information/Proposals
Wisconsin Department of Health and Family Services

Organization Name(s) (List all public and private entities represented by this statement of interest.):

Schaller Anderson, Incorporated dba Schaller Anderson Medical Administrators, Incorporated (Schaller Anderson)

Contact Person and Contact Person's Organization (List name, address, telephone number, email and fax number.):

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Brief Description of Organization (Legal entity status, purpose, scope of enterprise)

Legal Entity Status

Schaller Anderson, Incorporated is organized in the state of Arizona.

Purpose

Our mission: Value, integrity and compassion in health care management and consulting on behalf of our customers and beneficiaries.

Scope of Enterprise

Schaller Anderson has more than 17 years of experience in managing health benefit programs for large groups of enrollees, including the development and operation of Medicaid long-term care and home and community-based services (HCBS). Our firm is also nationally recognized for its excellence in Medicaid policy setting, consulting and health plan management activities. Schaller Anderson and its subsidiaries direct and coordinate a wide range of Medicaid benefit packages and related services to more than 1.1 million Medicaid beneficiaries in six states. We currently manage more than \$2.0 billion in health care benefits.

Medicaid populations we serve include:

- Long-term care (elderly, physically disabled, developmentally disabled and seriously mentally ill)
- Dual eligibles
- TANF
- SCHIP

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- Foster care children

Schaller Anderson is also designated by CMS as a QIO-like entity.

During Schaller Anderson's early years, from 1986 to 1990, co-founder Joseph P. Anderson acted as a consultant to Arizona's legislature in forming what is now known as the Arizona Long-Term Care System (ALTCS), the nation's first managed care model designed specifically for elderly and physically disabled persons. ALTCS is a comprehensive care model that promotes improved health outcomes and quality of life for long-term care beneficiaries, in both nursing facility and HCBS settings, through coordination of integrated long-term care, acute care medical, pharmacy and behavioral health services.

Currently under Schaller Anderson management, Southwest Catholic Health Network dba Mercy Care Plan of Phoenix, Arizona has more than 13,500 long-term care and developmentally disabled beneficiaries participating in ALTCS among its total of more than 260,000 beneficiaries. In September 2005, Mercy Care Plan accepted more than 4,000 ALTCS beneficiaries transitioning from another health plan in less than 90 days, more than doubling the number of its ALTCS beneficiaries. To address the integrated nature of Medicare's new Part D pharmacy benefit, Mercy Care Plan is also implementing a CMS-approved Special Needs Plan effective January 1, 2006, which will initially have more than 13,000 beneficiaries.

Schaller Anderson was created by Donald F. Schaller, M.D., and Joseph P. Anderson after they successfully salvaged and modernized a failing Medicaid program for the governor of Arizona. They built the company on basic principles of making sure people had access to the care they need, collaborating with providers and other community stakeholders, and using data and information to drive decision making and change. They knew that, in addition to achieving optimal health outcomes, managing care based on these principles also would produce the most cost-effective care. They have demonstrated such successful outcomes many times over in their subsequent work. It is such knowledge, commitment, skills and outcomes that the Wisconsin Department of Health and Family Services (the Department) is seeking from partners to participate in this long-term care initiative.

The people who work at Schaller Anderson strongly believe in these principles. Many of us come from public service backgrounds. Our staff includes three former state Medicaid directors.

Schaller Anderson understands the special needs of diverse populations, in part because of our work in other states and in part because many of us have devoted our careers to working with Medicaid populations. We know that in Medicaid one size does not fit all, and that programs must be specifically tailored to meet the various needs of different populations. With each of our customers, Schaller Anderson offers innovative health management activities that shape and manage the way health services are delivered to the poorest and neediest citizens, designed with the specific requirements of each state. This

means we have the ability to work with the Department and other stakeholders to design, build and implement a Wisconsin-specific long-term care program aimed at improving health outcomes and maximizing available resources.

Schaller Anderson achieves its success by truly managing care, not just costs or transactions. This means we focus on beneficiaries and making sure they have access to the care and services when these services are needed. We are one of the few companies in America to have developed a unique approach that integrates all aspects of care, including long-term care, acute care medical, pharmacy and behavioral health services to treat the individual comprehensively. It capitalizes on Schaller Anderson's extensive experience with public sector contracts and leverages the medical management, technological and informational capabilities of the company. Application of Schaller Anderson's managed care principles and long-term care experience, through a Wisconsin-specific framework, can be advantageous to both the Department and its beneficiaries. By linking long-term care services and HCBS with information technology, Schaller Anderson tracks and utilizes critical health data elements to implement member-focused disease management and care management programs, assist health care decision-making and improve health outcomes.

The technology we use is state-of-the-art and integrates clinical, operational, and financial data with other systems. The data gathering and analyzing tools we use support our continuous quality improvement processes. A focus on data mining enables us to identify problems and opportunities for improvement in health outcomes, administrative practices and cost containment. Combined with our experience and expertise, it has allowed us to become a national leader in creating new and innovative approaches that have significantly improved health care delivery and health outcomes for Medicaid beneficiaries.

Schaller Anderson and its principals have a long history of working with state agencies. Joseph P. Anderson, Chairman and Chief Executive Officer, held various positions in state government for more than 17 years. Donald Schaller, M.D., Chairman of the Board Emeritus, served as the Director of the Arizona Health Care Cost Containment System (AHCCCS), Arizona's Medicaid program, from 1984 to 1986. We are partners with Medicaid directors and their respective staffs, and help them create programs which have earned high praise and regard in their states. Also, Schaller Anderson works collaboratively with providers, advocates, other vendors and contractors, and key community stakeholders. We work closely with community organizations, supporting their efforts and building upon their strengths.

Our operating excellence has been demonstrated in the states we serve, and rests on our ability to integrate complex clinical, operational, and financial information and systems through state-of-the-art technology and project management in short periods of time.

Interest in Planning and Implementation of Long-Term Care Reform in Wisconsin:

To make our extensive and effective long-term care experience from the past 15 years work on Wisconsin's behalf, Schaller Anderson is interested in participating through both

the planning and implementation phases of this initiative. In doing so, Schaller Anderson's interest will focus on partnering with counties and other entities to provide the managed care infrastructure and coordination capabilities necessary to successfully implement long-term care reform.

Geographic Area of Interest (List counties within the potential planning and service area of the entity or consortium.):

As this initiative evolves, Schaller Anderson will continue to evaluate this preliminary list of counties. Based on current information, Schaller Anderson may be interested, at minimum, in working with the following counties, or other entities in these counties, for either planning or possible service area considerations:

Southeastern Wisconsin	Fox River Valley	Other
Kenosha	Brown	Chippewa
Milwaukee	Outagamie	Dane
Ozaukee	Winnebago	Eau Claire
Racine		Marathon
Washington		
Waukesha		

Proposed Scope and Nature of the Program (including target groups to be served, benefit package to be offered, and rationale for this proposal in terms of fiscal soundness and program effectiveness):

For this initiative, Schaller Anderson proposes a long-term care managed care model design that further integrates the successful programs Wisconsin currently has in place, such as the HCBS waiver program. Through our expertise, Schaller Anderson can assist the Department in designing a long-term care program model that leverages existing programs to their fullest potential through incorporation of complementary, integrated service coordination components (e.g., information technology and enhanced data analysis).

Target Groups

Schaller Anderson expresses its interest in proposing coordination of comprehensive long-term care services to all persons with disabilities and the elderly participating in these aid categories, including duals:

- Medicaid Assistance Purchasing Program (MAPP) (Independence waiver)
- Nursing Home
- Supplemental Security Income (SSI)
- SSI-Related
- Waiver (HCBS)
- SeniorCare (as determined applicable)

Proposed Benefit Package

Schaller Anderson proposes integrating long-term care, HCBS, acute care medical, pharmacy and behavioral health services. In doing so, Schaller Anderson can coordinate

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the activities necessary to deliver high quality, beneficiary-focused services at the lowest cost. Such integration will also result in administrative efficiencies for the Department, in having one point of contact to discuss a beneficiary's care plan and health outcomes. In this way, the Department can hold one contractor accountable for coordinating a comprehensive and integrated package of long-term care services, including HCBS.

Fiscal Soundness

Key to fiscal soundness is a strong actuarial rate development process, using diagnosis-related risk adjustment factors by geographic area, to promote program stability and maximize limited resources. In addition, the Department may wish to consider various risk sharing arrangements, such as risk corridors and stop loss mechanisms, to promote and maintain program stability, especially in the early phases. Through its management of Mercy Care Plan in Arizona, Schaller Anderson actively participates in a similar long-term care rate setting process annually.

Other Comments or Information:

This submission demonstrates, in brief, Schaller Anderson's experience, knowledge commitment and skills in developing and managing Medicaid health plans that serve the frailest beneficiaries, support quality health care and reduce costs. We are available to further discuss Schaller Anderson's managed long-term care and HCBS experience at the Department's earliest convenience.

Please include us on all future mailing, distribution, email and update lists for this initiative. We respectfully request the Department to notify the availability of and/or forward all such items as issued to the Contact Person identified above.

We appreciate the opportunity to respond to this Request for Information regarding Wisconsin's long-term care initiative. Schaller Anderson looks forward to working with the Department to develop and effectively realize its vision for the future of Medicaid long-term care services in Wisconsin.

Sincerely,



Donna E. Checkett

Senior Vice President, Medicare and Medicaid Programs

Schaller Anderson, Incorporated dba Schaller Anderson Medical Administrators,
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